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Dominican Republic

Exporter Guide

Annual

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Report Highlights:

The Dominican Republic is the fourth largest market for food and agricultural products in the Western Hemisphere. The DR-CAFTA agreement has strengthened the competitive position of the United States in the Dominican market. The GODR through the General Directorate of Norms and Standards (DIGENOR) has enforced the Dominican norm on food labeling and standards (NORDOM 53). This norm includes a requirement for Spanish labeling.

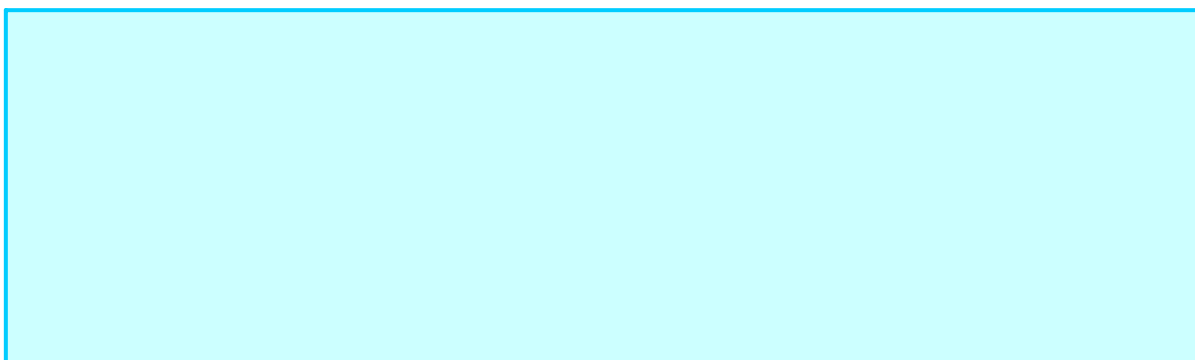
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Annual Report
Santo Domingo [DR1]
[DR]

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I. MARKET OVERVIEW

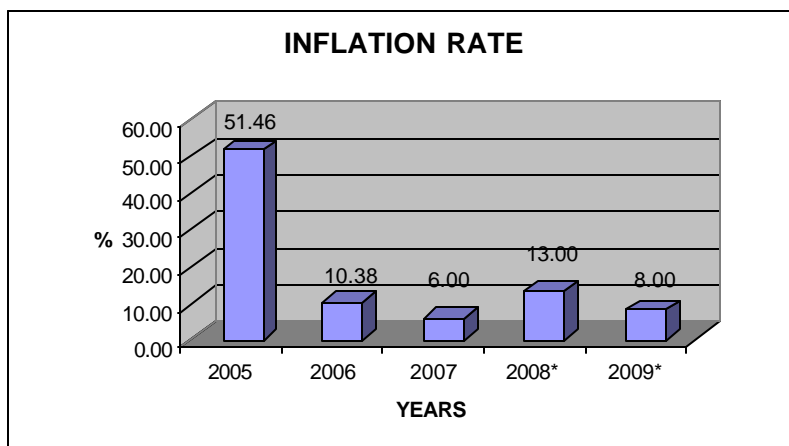
A. Current Economic Situation

After benign global conditions in 2004-07, the forecast for global economy in 2008-09 is set to slow significantly. The repercussions of this fact for small economies like the Dominican Republic's are translated into an economic slowdown. According to the Economist Intelligence Unit (August 2008), the estimated inflation is over the official 4-6% target for the last 10 months. The high oil and food prices will sustain inflationary pressures, which will press the Central Bank to increase interest rates (from 16.8-18%) or risk capital flight and a weakening of the currency.

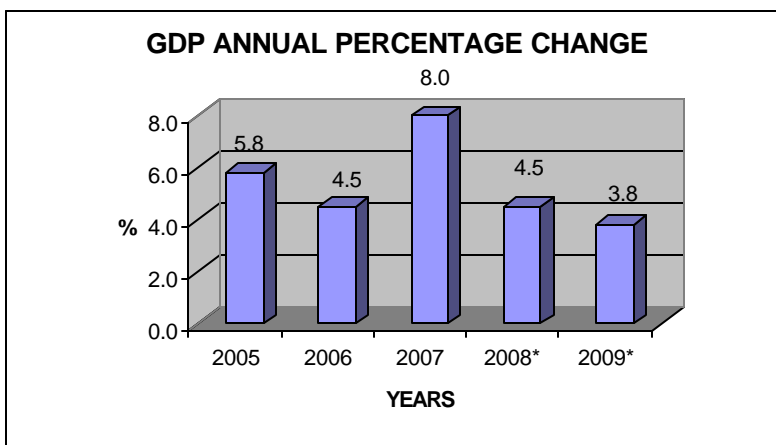
After a GDP growth of 8.0 % in 2007, a market slowdown to 4.5% is expected in 2008 and a forecast of 3.8% in 2009, as a result of inflation and tighter credit conditions. The external balance will be negative, as a result of competitiveness shortcomings, rising costs in inputs and electricity problems.

A weaker US economy will dampen growth prospects for the Dominican Republic. The US accounts for three quarters of export sales. Other markets include Canada, Venezuela, Chile and Colombia, as well as Western Europe, and Japan. The Dominican free trade zones, an important trade and investment revenue source, will continue to loose competitiveness to China in the garment sector, even though the pocket garment concession will slowdown the fall. In terms of trade, the DR is expected to deteriorate sharply in 2008, as the country is heavily reliant on imported oil and imported commodities. Agricultural expansion will be slight this year, as production still lags from tropical storms in late 2007, and inputs such as oil and fertilizer become more expensive. It should pick up in 2009 as the government focuses on developing the sector. Tourism will grow at a slower rate dampened by the high jet fuel prices with additional local taxes.

The exchange rate has dropped significantly compared to 2004, when it went up to 41.24%, to 34.95 in 2008. It is expected to continue at a similar rate during 2008 and 2009.



Source: Central Bank of the Dominican Republic and The Economist Intelligence Unit.
Data for 2007 and 2008 are forecast values.



Source: Central Bank of the Dominican Republic and The Economist Intelligence Unit.
Data for 2008 and 2009 is a forecast made by The Economist Intelligence Unit

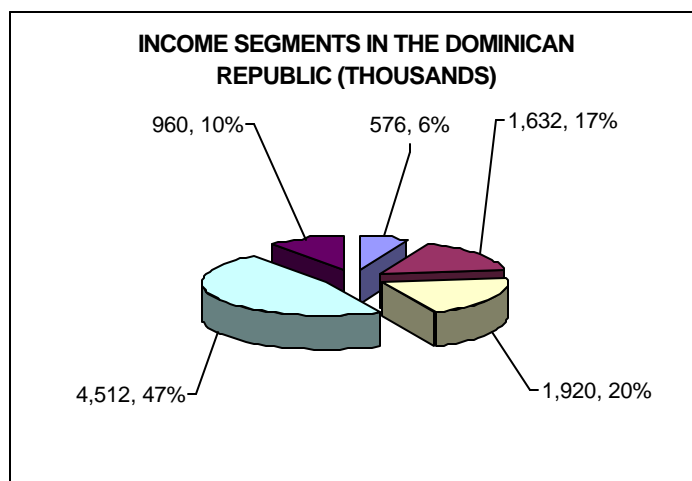
B. Demographics and income Distribution

The National Statistics Office (ONE) estimates the Dominican population for 2008 at 9.6 million people, with about 63% of the population (6 million) living in urban areas and 3.6 million, in rural areas. It is also estimated that the population of the Dominican Republic grows at a rate of about 1.7% per year. The forecast is to have almost 10 million people by 2010 (National Statistics Office, 2008).

Income distribution is one of the major constraints that affect the development of the Dominican Republic. The poorest half of the population receives less than one-fifth of the GNP, while the richest 10% receives nearly 40%. Income distribution is heavily skewed toward the upper class and upper middle class. This means that a significant portion of the population does not have an income level to purchase relatively expensive imported food products. However, consumers in or above the middle class, a total of 4.0 million people, shop regularly at supermarkets, eat in restaurants, and vacation in resorts. In this segment of the population are the potential customers for U.S. exporters. Luxury goods can only be targeted at the upper and upper middle class, with a total population of about 2.2 million people.

The population in the Dominican Republic is divided as follows:

- Upper Class: around 6 percent of the population (576,000 persons). These families and individuals are conspicuous consumers and have an income level that makes almost any product or service accessible.
- Upper Middle Class: this segment is about 17% of the population (1.6 million persons). It has an income level that makes expenditures on food products relatively insignificant as a portion of their overall income.
- Middle Class: about 20% of the population (1.9 persons). This class can afford most imported food products, but it must watch budget overall expenditures on food.
- Lower Class: about 47% of the population (4.5 million persons). This class lives at a subsistence level and consume mostly basic foods.
- Below Poverty Level: around 10% of the population (960,000 persons).



Source: National Statistics Office (ONE), 2008.

Internal migration toward the city of Santo Domingo has been constant over the past decade. With approximately 31% (3.0 million) of the total population, the city of Santo Domingo-the National District and the Santo Domingo province-and its surrounding suburbs have the biggest concentrated market in the country. Santiago is the second largest market with 980,000 people. Other important cities are San Pedro de Macorís, La Romana, La Vega, Bonao, San Francisco de Macorís, and Higüey. The construction of new highways, seaports, and airports in recent years, including the road Santo Domingo Samana, and the well-developed telecommunications infrastructure allow smooth distribution of products throughout the country.

C. Market Size

The Dominican Republic is the fourth-largest market for U.S. agricultural, fish, and forestry products in the Western Hemisphere, behind Canada, Mexico, and Colombia. Based on BICO report data, exports of these products from the United States in 2007 were over 800 million. Considering the trend for the first five months of 2008, these exports may increase by almost 60 % by the end of the year.

Most of the growth in U.S. exports of agricultural, fish, and forestry products to the Dominican Republic in recent years has been in consumer-oriented products. Exports of these products from the United States in 2007 were a record high of \$152 million. Considering an estimated US share of about 35%, total world imports of consumer-ready products in the Dominican Republic are over \$430 million.

According to statistics provided by the Central Bank of the Dominican Republic, the total demand for food and beverages is estimated at over US\$ 2 billion, with an average growth rate of six percent per year. It is also estimated that about 40 percent of all food and beverages consumed in the country is imported.

D. Advantages and Challenges in the Market

Advantages	Challenges
<ol style="list-style-type: none"> 1. Food distribution channels are becoming more efficient, which facilitates the introduction of new products. 2. Dominicans are greatly influenced by U.S culture and have a positive perception of U.S. products. 3. The tourism sector is large and growing, increasing the demand for high quality food products. 4. The recent implementation of the DR-CAFTA has lowered or eliminated duties for some U.S. food products. 5. Because of DR-CAFTA agreement, U.S products are more competitive in the market. 6. Consumers are demanding higher quality and healthier products, and they perceive U.S. products meet new requirements. 	<ol style="list-style-type: none"> 1. Globalization has allowed other regions, such as Europe and South America to expand sales into the Dominican Republic, what has traditionally been a U.S. dominated market. 2. The local Dominican food industry is becoming more efficient and more competitive, as it integrates new technologies into its production processes. 3. The Dominican Republic is negotiating free trade agreements with other countries, such as the European Union, Canada, and Taiwan. 4. Tariff rate quotas of sensitive products continue to protect local producers of products such as meat, dairy products, beans, rice, and poultry. 5. Sanitary and phytosanitary issues continue to limit U.S. exports. 6. The GODR plans to implement a standard which requires Spanish labeling. (Please see GAIN Report DR7019).

II. EXPORTER'S BUSINESS TIPS

A. Business Customs

Personal relationships are a key factor for doing business in the Dominican Republic. Business executives value personal contacts with suppliers. Many people may not want to do business with someone considered rude or disrespectful. A common courtesy is to give a warm handshake combined with a conversation about the person's well-being and his family prior to starting the business-related conversation. Dominicans are extremely friendly and tend to prefer to develop a personal relationship before going into a business relationship. This relationship helps Dominican business people develop more confidence before making any business commitment.

There are several ways for U.S. exporters to enter the Dominican market. They can use locally appointed distributors, a wholly owned subsidiary, joint venture partners, or Dominican importers and wholesalers who also own retail outlets. We advise that U.S. suppliers have a local representative or distributor in the Dominican Republic. It is advisable that exporters understand Law 173, which outlines the legal rights of a foreign supplier and a local distributor. This law has a wide scope of application, which includes any type of agency, representation, distribution, license, concession, franchise, or other agreement relating to products manufactured abroad or in the country. The law has been amended as a requirement of DR-CAFTA and allows that either party can terminate a contact at any time if one party considers so.

B. Consumer Taste

Dominicans have adopted much of the U.S. culture, such as music, sports, and fashion. The food consumption trend in the Dominican is similar to the trend in the United States, although we can estimate a lag of ten to fifteen years. But we can be sure that what is demanded in the United States will be demanded in the Dominican Republic in the future. Because of the globalization of the world economy, the lag is eventually shortening.

Dominican consumers have the idea that products made in more developed countries, such as the United States, are more reliable in terms of quality and safety. There is also a tendency, mainly among middle and high-income classes, to consume natural and healthy products. These consumers are demanding food with less saturated fat, cholesterol, and sugar.

C. Food Standards and Regulations

1. Import Procedures and Product Registration

The first step in importing new food products into the Dominican Republic is product registration. Consumer food products must be registered with the Ministry of Public Health (SESPAS), which issues a certificate with a Sanitation Registration Number, which must be printed on the label of the product.

The supporting documents which need to be brought to the office are the following:

- U.S. certificate of free sale
- Certificate of origin
- Label indicating the qualitative and quantitative formulation
- A copy of the letter of assignment or contract with a local agent (if one exists for the product);
- Registration fees and product samples.

The trademark must also be registered through the National Office of Intellectual Property of the Ministry of Industry and Commerce. This is not a legal requirement, but it is a protection for the owner. It is advisable to contract the services of a local legal firm to handle these processes.

Exporters need the following documents for shipments to the Dominican Republic that exceed the value of US\$100.00, which are required by the Dominican Custom Office.

- Bill of Lading (English or Spanish)
- Commercial Invoice
- Insurance Certificate (issued by a local insurance company)
- A Non-objection Certificate issued by the Ministry of Agriculture.
- Import Permit issued by the Department of Internal Taxes for alcoholic beverages.

2. Custom Clearance

According to the DR-CAFTA agreement, we understand that clearance currently averages seven days, if all the required documentation has been submitted. We recommend hiring a knowledgeable customs agent and, in some cases, who knows the officials involved in the processes for appraising, verifying, and clearing the merchandise. After fifteen days in port, shipping lines assess a daily charge for the use of containers. Port authorities also charge for the use of the space.

After the invoice is reviewed, customs officials determine the duty. If it is determined that the invoice does not reflect what customs believes is an accurate price, the duty is based on an appraisal list (Lista de Valuación Aduanera-LVA).

Except for a limited quantity of products which enter duty free, tariffs are based on the C.I.F. value (Cost, Insurance, and Freight) in Dominican pesos at the current exchange rate. Tariffs range from 0 to 25 percent for most products DR-CAFTA. For more detailed information on those products, please refer to the DR-CAFTA text, which can be found at http://www.ustr.gov/Trade_Agreements/Bilateral/CAFTA/Section_Index.html and also at http://www.dga.gov.do/dgagov.net/uploads/file/Calendario_Desgravacion_DR-CAFTA.pdf

Exporters also need to be aware of other internal taxes applied to imported luxury products, such as wine, during the clearance process. Although duty may be low and even zero, luxury taxes may be very high. These taxes, charged at custom, increase the price for the end consumer significantly. For more information on these taxes and a specific example with wines, please refer to our GAIN Report DR8015.

3. Labeling Regulation

The current national standard for labeling is contained in NORDOM 53, which was issued by the Norms and Standards Directorate (DIGENOR) of the Ministry of Industry and Commerce. It establishes all of the mandatory requirements that must be on the label for prepackaged individual and boxed foods. DIGENOR and the Ministry of Public Health (SESPAS) are responsible for implementing the standard. According to the Department of Norms and Standards (DIGENOR), all products must be properly labeled. Products packaged in the presence of the final consumer or packaged in the stores for sale on the same day are exempted from this requirement.

DIGENOR issued a resolution in March 2007, which stated that by November 21, 2007 it would enforce the NORDOM 53, and products not meeting the standard will be removed from the shelves at the point of sale. The norm is now in place, but products sold in small quantities are exempted. Some supermarkets have scanners which provide label information in Spanish to comply with the regulation.

Overall, U.S. labeling standards have been accepted in principle, but the rule follows *Codex Alimentarius* standard, and it contains some differences. One of the major concerns for U.S. exporters is the Spanish label requirement of the standard in question. Multilingual labels are fully accepted and stick-on labels meeting the Spanish requirements are also acknowledged in the ruling.

The label must provide the following information:

- All labels must be written in Spanish. A complementary label or counter-label may be used when the original label is not written in Spanish.
- Company brand.
- Product named
- Product description.
- Net & dry weights (in International Units, such as: kg, ml, etc.)
- List of ingredients and additives indicating the amounts used.
- The name and address of the producer and importer.
- Product batch code.
- Sanitation registration number (from the Department of Health).
- The expiration date.
- Country of origin
- Instructions for product use.

For more detailed information on the labeling requirements please refer to our FAIRS Report DR7019, which can be found at <http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>, Option 3.

D. Opportunities and Challenges after the Implementation of the DR-CAFTA

The DR-CAFTA agreement is the new instrument guiding business between the United States and the Dominican Republic. The agreement, which was implemented on March 1, 2007, establishes more transparent processes for trade and, it has opened the market for new U.S. consumer-oriented products which have been facing tariff and non-tariff barriers. The agreement eliminates duties for some products immediately while others will slowly lower over five to twenty years.

Business opportunities are expanding; however, as with any change, there are kinks in the process that are being ironed out. The AgOffice is closely monitoring implementation and appreciates feedback from the trade.

III. MARKET SECTOR STRUCTURE

A. Retail Food Sector

Consolidation has been the major trend of the Dominican Republic's distribution industry, and it is affecting all points on the traditional importer, wholesaler, and retail supply chain. An extended period of economic growth, with the exception of the financial crisis of 2003, has contributed with the evolution of the supermarket industry in urban and high-income areas. This has created pressure along the supply chain to provide value-added service and reduce intermediary costs.

Many of the large retail companies have vertically integrated import and distribution activities through their parent companies. Importer-distributors add value to their service by supplying a wide range of products. These distributors also supply other chains, and the converse happens as well, with supermarkets frequently purchasing goods from other distributors outside the parent group. Large importer-distributors frequently serve as exclusive agents for international brands.

The food distribution system has experienced substantial changes in recent years. Supermarkets are becoming more important at the expense of the traditional system of warehouses and mom 'n pop grocery stores. Foreign supermarket chains, such as PriceSmart from the United States and Carrefour from France, have retail outlets in Santo Domingo and Santiago. Local supermarket chains made extraordinary expansion efforts and adjustments to compete with foreign chains. They have modern technology for managing their operations and aggressive marketing strategies to attract new clients. Small local supermarkets are also designing strategies to compete with giants. At the end of 2001, the owners of a group of small supermarkets created an association to try to procure their products directly from suppliers and avoid going through local importers, assuring lower prices and gaining a competitive edge over large supermarkets.

The traditional retail food sector of the country is comprised of supermarkets (that targets middle and high income customers and also function as importers), warehouse owners (who supply the small grocery stores and also function as retailers) and the mom 'n pop stores, known as *Colmados*. The *Colmados* are scattered all over the country. Their customer base is mainly middle and low income customers, however, they also function as convenience stores in almost all neighborhood in urban areas.

Although mon n' pop stores (*colmados*) distribute about 70 percent of food products, they carry a narrow selection of products and are not generally a target for new products from U.S. suppliers. However, there are many *colmados* associations that are importing products directly with the implementation of the DR-CAFTA. Leader of those associations are now interested in attending trade shows in the United States to learn about new products available with potential for the Dominican market.

The supermarket industry has advanced a lot in the country during the last ten to twelve years. The stores of the major supermarket chains in the country are comparable to those of

industrialized nations in various aspects, such as space, variety of products, operations technology, product layout, and aggressive marketing strategies. The number of supermarkets and other stores selling consumer products in the mass segments of Santo Domingo and other cities of the country is also increasing.

The economic stability of the Dominican Republic is leading some U.S. supermarket chains to explore the market and to plan to establish some stores. Some companies are planning to build new stores, and other ones are looking toward purchasing others.

For more detailed information on this sector, please refer to the Retail Food Sector Report (DR7024) at http://www.fas.usda.gov/scripts/AttacheRep/attache_lout.asp, which provides more details on the development of the sector in the Dominican Republic.

B. Hotel, Restaurants and Institutions

The Dominican hotel, restaurant and institutional sector, which is one of the largest in the Caribbean, includes a diverse tourism sector, business hotels, upscale and more informal restaurants, and fast food franchises. Consumption of food and beverages in the Dominican Republic's (DR) non-tourist sector is estimated at over US\$700 million. Consumption at all-inclusive resorts is estimated at over US\$443.3 million, for a total of over US\$1 billion for the two sectors. However, the use of imported products in the institutional sector is limited, reducing the attractiveness of this segment to U.S. exporters.

As mentioned before, around 40 percent of the total food and beverage consumption in the country is imported and over 35 percent comes from the United States. However, it is important to note that the country's food processing industry is improving its efficiency and competitiveness. This means competition from domestic products is increasing.

There are several trends in the HRI sector that bode well for future demand for imported food products. Over 40 percent of women have now joined the workforce and the percentage will continue to grow. This results in higher demand for meals outside the home and more convenience in retail food products. An increase in the number of Dominicans taking vacations in country is pushing up food consumption in the HRI sector.

Increasing menu diversification, as Dominicans internationalize their consumption habits, is also increasing the demand for imported products in the sector. Fast food is well established in the market, and there is an increase in the consumption of pizzas, hamburgers, and other types of fast food.

Sub-sector profiles within the HRI Sector

Resorts

The resort/hotel sector is the largest in the Caribbean region. It has over 100 hotels with over 60,000 rooms. The Dominican Republic is receiving increasing worldwide recognition as a premier vacation destination, which has made it an attractive venue for fairs, conferences, conventions, and international events. These factors contribute to an increasing flow of business people to the country.

Almost all the hotels located outside the city of Santo Domingo are all-inclusive resorts. Most of them are located in the northern and eastern side of the country. Some of the hotel chains in the country import part of the food products and food ingredients used, or at least buy them from local importers-distributors.

Although Punta Cana continues to be the major resort area in the Dominican Republic, the Samana region is a growing market after the recent opening of a two lane toll road from Santo Domingo. This has reduced travel time from the international airport in Santo Domingo by at least one half. Construction is also expected to boom over the medium and long term for the resort industry. For more information on the potential of this region, please see our GAIN Report DR8021.

Business Hotels

Most of the business hotels are located in Santo Domingo, the capital city. They are basically business hotels, but tourists interested in the Colonial City and other tourist attractions in Santo Domingo use them. Most of them belong to large worldwide hotel chains. As the second largest city in the country, Santiago also follows Santo Domingo with the second largest number of hotel rooms.

Restaurants

Santo Domingo has an extensive up-scale restaurant sector, which caters to the wealthier classes, businesses, and tourists. All of them have international menus and individual specialties. Ethnic restaurants include German, Arabic, Argentine, Spanish, French, Italian, Mediterranean, Mexican and Chinese.

Restaurants offer good opportunities for exporters from the United States. To meet the needs for international dishes, they import beef, fish and seafood, pasta, and hams. Since these restaurants do not function as chains and purchases are small, they buy almost all products needed through importer/distributors.

The general trend towards eating out has led to the opening of many small restaurants focusing on the lunch crowd, independent cafeterias, cafeterias located inside businesses, and cafeterias in supermarkets. These establishments provide local food, sandwiches, and snacks at affordable prices to working-class Dominicans.

Fast Food

Fast food restaurants are the fastest growing sector in the food service industry. Foreign fast food chains, mostly from the United States, started in the Dominican Republic in 1994 and have been very well received by Dominicans. Over 48 of these establishments have been opened, mostly in Santo Domingo and Santiago. The entry of foreign fast food chains has spurred the development of local businesses, although they tend to specialize in local popular foods. Many of them import their own products, primarily in the case of hamburger, meats, chickens, potatoes, sauces and ice cream. Fresh vegetables and bread are procured domestically.

Institutions

Many large businesses have set up cafeterias in order to offer food to their employees. These are independently run. Some free trade zones and industrial parks have also begun to install cafeterias, with the objective of offering inexpensive food of an acceptable quality. These cafeterias are more oriented to serving traditional dishes, with over 90 percent of ingredients being produced domestically. In this category there is limited opportunity for U.S. exporters, except for basic items and condiments offered at cut-rate prices. The handling of food in prisons and public hospitals has not been privatized and most inputs are sourced domestically.

IV. BEST PRODUCTS PROSPECTS

Dominican importers and consumers have shown high interests in the following products:

U.S. EXPORTS TO THE DOMINICAN REPUBLIC (THOUSAND OF DOLLARS)	
PRODUCT	2007
1. Dairy Products	25,807
2. Red Meats, Fresh/Chilled/Frozen	25,023
3. Fresh Fruit	14,542
4. Snack Foods	13,250
5. Poultry Meat	12,229
6. Processed Fruit and Vegetables	9,988
7. Breakfast Cereals and Pancake Mix	7,128
8. Fruit and Vegetable Juices	5,740
9. Wine and Beer	3,631
10. Pet Food (Dog and Cat Food)	2,707
11. Low Carb and Light Foods	6,000*

Source: FAS BICO Report

* Estimated at about 4% of total consumer-ready products.

V. KEY CONTACTS AND FURTHER INFORMATION**FOREIGN AGRICULTURAL SERVICE**

Ave. Pedro H. Ureña #133, La Esperilla
Santo Domingo, Dominican Republic
Phone: (809) 227-0112 Ext. 275
Fax: (809) 732-9454
Email: agsantodomingo@fas.usda.gov
Home page: <http://www.fas.usda.gov>

NATIONAL HOTEL AND RESTAURANT ASSOCIATION (ASONAHORES)

Calle Presidente González, Esquina Tiradentes
Edif. La Cumbre, 8th Floor, Plaza Naco
Santo Domingo, D.R.
Tel: (809) 368-4676
Fax: (809) 368-5566
Contacts: Haydeé Kuret de Rainieri,, President
Ventura Serra, Executive Vice-President
Email: asonahores@codetel.net.do

MINISTRY OF INDUSTRY AND COMMERCE, INDUSTRIAL PROPERTY OFFICE (ONAPI)

Ave. Los Proceres #11
Santo Domingo, Dominican Republic
Tel: (809) 567-7474
Fax: (809) 732-7758
Contact: Lic. Enrique Ramirez, Director
E-mail: e.ramirez@onapi.gov.do

INVESTMENT AND PROMOTION CENTER [CENTRO DE PROMOCIÓN E INVERSIÓN DE LA REPUBLICA DOMINICANA (CEI-RD)]

Ave. 27 de febrero, Plaza Independencia.
Santo Domingo, D. R.
Tel: (809) 530-5505
Fax: (809) 530-8208
Contact: Lic. Eddy Martínez, Director
Web page: www.cei-rd.gov.do

MINISTRY OF AGRICULTURE, LIVESTOCK DEPARTMENT

Ave. George Washington, Ciudad Ganadera
Santo Domingo, Dominican Republic
Tel: (809) 535-9689, ext. 223,
Fax: (809) 533-5863
Contacts: Dr. Angel Faxas, Livestock Department Director
Dr. Ramón Quiñones, Animal Health Director

MINISTRY OF AGRICULTURE, PLANT HEALTH DIVISION (SANIDAD VEGETAL)

Autopista Duarte Km. 6 ½, Jardines del Norte
Santo Domingo, Dominican Republic
Tel: (809) 547-3888, ext. 3786
Fax: (809) 227-1268
Contact: Ing. Luis Garrido, Director

MINISTRY OF PUBLIC HEALTH, QUALITY CONTROL AND RISKS FOR FOOD AND BEVERAGES DEPARTMENT (CONTROL DE ALIMENTOS)

Ave. San Cristobal, Esquina Ave. Tiradentes
Santo Domingo, Dominican Republic
Tel: (809) 541-3121, ext. 2204
Fax: (809) 544-2083
Contact: Dr. Salvador Hiciano

NORMS AND STANDARDS BUREAU (DIGENOR)

Ave. Mexico. Edif. Oficinas Gubernamentales, 11th Floor
Santo Domingo, Dominican Republic
Tel: (809) 686-2205/06/07
Fax: (809) 688-3843
Contact: Dr. Julio Santana, Executive Director

APPENDIX I. STATISTICS

TABLE A. KEY TRADE AND DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries (\$Mil) / U.S. Market Share (%) ¹	1,580/(53)
Consumer Food Imports From All Countries (\$Mil) / U.S. Market Share (%) ² .	505 / (30.06)
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share (%) ²	40 / (11.7)
Total Population (Millions) / Annual Growth Rate (%) ³	9.6 / (1.7)
Urban Population (Millions) / Annual Growth Rate (%) ³	6.1 / (About 1.9)
Number of Major Metropolitan Areas	6
Size of the Middle Class (Millions) / Growth Rate (%) ³	1.9 (About 1%)
Per Capita Gross Domestic Product (U.S. Dollars) ⁴	4,466
Unemployment Rate (%) ⁴	15.6
Per Capita Food Expenditures (U.S. Dollars) ⁵	1,770
Percent of Female Population Employed ⁶	29.94
Exchange Rate (US\$1 = X.X local currency)	DR\$34.96

Sources and Notes

1. FAS BICO Report. CY 2006
2. Estimated based on U.N trade database with data until 2004 and FAS BICO Report, CY 2008.
3. National Statistics Office. 2002 Census and its forecasts.
4. Central Bank of the Dominican Republic, 2008.
5. Based on Central Bank estimate of 40.19% of income on food.
6. National Statistics Office. Online Database, 2008.
7. Central Bank of the Dominican Republic.

TABLE B. D.R. CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS (\$1000)**TABLE B. CONSUMER FOOD & EDIBLE FISHERY PRODUCTS IMPORTS (\$1,000)**

	Import from the World			Import from the U.S. 2/			U.S. Market Share	
	2004	2005 1/	2006 1/	2004	2005	2006	2004	2005/2006 3/
CONSUMER-ORIENTED AG. TOTAL	225,768	322,000	253,000	74,466	97,891	108,361	32.98	30.06
Snack Foods (Excl. Nuts)	21,947	28,800	35,600	6,171	8,800	10,868	28.12	30.51
Breakfast Cereals & Pancake Mix	3,152	4,200	5,500	2,075	3,533	4,663	65.83	84.16
Red Meats, Fresh/Chilled/Frozen	4,765	10,500	14,900	4,711	11,119	15,470	98.87	103.88
Red Meats, Prepared/Preserved	3,326	3,300	2,200	1,890	2,127	1,356	56.83	62.98
Poultry Meat	5,179	7,300	6,200	6,304	9,295	7,836	121.72	126.97
Dairy Products (Excl. Cheese)	73,209	121,400	113,000	16,281	18,616	17,316	22.24	15.33
Eggs & Products	1,270	1,400	5,300	1,152	1,078	4,126	90.71	77.24
Fresh Fruit	7,588	14,300	14,800	5,485	9,084	9,371	72.29	63.20
Fresh Vegetables	4,795	6,000	6,500	519	966	1,066	10.82	16.23
Processed Fruit & Vegetables	17,675	20,000	18,000	8,032	8,111	7,245	45.44	40.51
Fruit & Vegetable Juices	4,120	4,600	5,600	3,881	3,825	4,536	94.20	81.22
Tree Nuts	581	800	1,200	1,292	1,339	2,007	222.38	170.22
Wine & Beer	12,331	11,200	9,700	4,152	4,601	4,080	33.67	41.13
Nursery Products & Cut Flowers	899	1,200	1,700	274	289	403	30.48	23.25
Pet Foods (Dog & Cat Food)	1,683	2,000	3,100	914	1,578	2,561	54.31	82.12
Other Consumer-Oriented Products	63,248	85,000	9,700	11,332	13,530	15,460	17.92	15.89
FISH & SEAFOOD PRODUCTS	50,149	48,500 4/	41,500 4/	4,842	4,125	4,738	9.66	11.73
Salmon	3,198	10,000	10,800	467	920	981	14.60	9.05
Surimi	79	25	10	715	120	50	905.06	530.37
Crustaceans	2,185	15,700	2,000	16	78	10	0.73	0.50
Groundfish & Flatfish	10,001	13,000*	15,000*	0	0	0	0.00	0.12
Molluscs	1,296	1,800	2,700	46	52	77	3.55	2.83
Other Fishery Products	33,390	21,000	26,000	3,599	2,955	3,619	10.78	14.10

Source: U.N. Trade Database. United Nations Statistics Division, 2002 to 2004, and FAS BICO Report 2002-2006.

1/ World data for 2005 and 2006 were estimated based on U.S. average market share from 2002 to 2004 and actual data for imports from the U.S.

2/ Based on BICO data U.S. exports to the Dominican Republic.

3/ U.S. Market share was estimated with data from 2002 to 2004.

4/ Does not total.

TABLE C. D.R. TOP 15 SUPPLIERS OF CONSUMER FOODS & EDIBLE FISHERY PRODUCTS (\$1,000)

CONSUMER-ORIENTED AGRICULTURAL TOTAL

	2004	2005 1/	2006 1/
United States	74,466	97,891	108,361
Denmark	32,241	35,300	39,000
Netherlands	18,408	22,800	25,300
Spain	15,243	12,000	13,300
New Zealand	13,402	10,500	11,700
Chile	9,619	11,600	12,900
Colombia	10,027	11,200	12,400
Mexico	10,560	10,700	11,900
Costa Rica	6,320	5,900	6,600
Brazil	10,201	2,900	3,200
Italy	5,631	4,000	4,500
Argentina	3,021	5,400	6,000
Belgium	4,566	2,700	3,000
Canada	3,697	5,400	6,000
Guatemala	4,282	3,800	4,200
World	222,588	242,091	268,361

FISH & SEAFOOD PRODUCTS

	Import (1000\$) 2/		
	2004	2005	2006
Norway	26,467	22,500	25,900
Canada	13,381	11,400	13,100
United States	4,842	4,125	4,738
Panama	3,830	3,300	3,700
Thailand	4,416	3,800	4,300
Argentina	1,771	1,500	1,800
Peru	1,200	1,000	1,200
Spain	1,944	1,700	1,900
Ecuador	1,557	1,300	1,500
China (Peoples Rep. of)	273	200	300
Venezuela	157	100	200
Morocco	436	400	400
Chile	351	300	300
Costa Rica	508	400	500
Estonia	751	600	700
World	63,016	52,625	60,538

Source: U.N. Trade Database. United Nations Statistical Division and FAS BICO Report

1/ For countries other than the United States, data were estimated based on market share from 2002 to 2004 and actual U.S. BICO data.

2/ Based on BICO data U.S. exports and U.N. export data to the Dominican Republic.

APPENDIX II. SELECTED INFORMATION ON THE DR-CAFTA

Table II. A. Baskets of Products According to Tariff Schedule

Basket	Tariff Schedule Reduction
A	Duty free (0%) immediately.
B	20% annual reduction, duty free by January 1, 2010 (reduction over 5 years).
C	10% annual reduction, duty free by January 1, 2015 (reduction over 10 years).
D	6.66% annual reduction, duty free by January 1, 2020 (reduction over 15 years)
F	No reduction until January 1, 2016. 10% annual reduction from January 1, 2016-25.
G	Free trade.
M	2% reduction in 2006. 2% additional reduction in 2007. 8% additional annual reduction from 2008-2012. 16% additional annual reduction from 2012-15.
N	8.3% annual reduction from 2006 to 2017.
O	No reduction until January 1, 2012. 10% annual reduction from January 2012 to January 2016. 12% annual reduction from 2016- 2020.
V	No reduction until January 2016. 8% annual reduction from January 2016-21. 12% annual reduction from January 2021-25.
W	25% annual reduction from 2006 to 2009.
X	No reduction in 2006. 25% annual reduction from January 1, 2007 to January 1, 2010.
Y	15% annual reduction from 2006-11. 5% annual reduction from 2011-15.

Source: Nuñez, Ruben, and De Paula, Danilo. CAFTA-DR: The Day After A Layman's Guide of What the Trade Agreement Means for the Dominican Republic A report Written for Chemonics International and the USAID., February, 2007.

Table II. B. Examples of Food Products by Basket (Base % tariff in parenthesis)

Basket	Products
A	Chicken wings (20), de-boned turkey breast (20), rabbit meat (20), some fish (20), some vegetables and salads (20), cold weather fruits, such as apples, grapes, pears (20), dry fruits (20), tea (20), species (20), olive oil (20), breakfast cereals (20), olives (20), capers (20), some fruit juices (20), sparkling wine (20)
B	Chicken breasts (25), red salmon (20), lobsters (20), cauliflower, broccoli and Brussels sprouts (20), beets (20), water melon (20), preparations from turkey meat (20), preparations of caviar, crabs and shrimp (20), preparations of salads and fruits (20), wine (20), cigars (20).
C	Bacon (40), mechanically de-boned chicken meat (99), liquid milk (20), butter (20), other cheeses (20), lamb and mutton (20), turkey breast with bone (20), potatoes (20), chick peas (20), dry coconuts (20), cashew nuts (20), tropical fruits (20), sweets of orange, lemons and papaya (20), tomato or papaya juice (20), mustard (20), mayonnaise (20), compound seasonings (20), whisky, gin, liquors (20).
D	Prime and choice beef (40) beef trimmings (25), onions (97), garlic (99), vegetable oil (20), margarine (20), cheddar cheese (20), beans (89).
F	Milk powder (56), Yogurt (20).
G	902 tariff codes that were already duty free: 161 agricultural
M	Wooden furniture (20).
N	Potatoes, turkey meat (40), ice cream (20), glucose and glucose syrup (14), pig fat (40).
O	Pork cuts (25).
V	Rice (99), Chicken leg quarters (99), mozzarella cheese (20).
W	Turkeys not cut in pieces (20).
X	Certain automobiles (20).
Y	Chicken, not cut in pieces (99).

Source: Nuñez, Ruben, and De Paula, Danilo. CAFTA-DR: The Day After A Layman's Guide of What the Trade Agreement Means for the Dominican Republic A report Written for Chemonics International and the USAID., February, 2007.